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Vol. 26, No. 11 March 16, 1992

NEWS BRIEFS

Posner cited for contempt in DWG shareholders suit

CLEVELAND — The federal judge who last month suspended Victor Posner from control of the Arby's chain's parent company, DWG Corp., has charged the controversial financier with criminal contempt of court for alleged perjury and violation of a court order.

Judge Thomas D. Lambros, who barred Posner from DWG's helm pending an audit to investigate charges he looted the Miami-based holding company, cited the 73-year-old for flouting Dec. 26 orders restricting his handling of corporate affairs and his acceptance of money from DWG affiliates. Posner was also charged with stating falsely under oath that DWG doesn't pay for his maid service and laundry.

Lambros' order requests the U.S. Attorney in Cleveland to prosecute Posner, whose unpopular firing of Leonard Roberts as Arby's president in 1989 sparked dissent among franchisees and chain management. Analysts have said the current audit of DWG could lead to a sale or liquidation of its assets, including Arby's and Royal Crown bottling.

Restaurant, union workers stage protest at O'Hare

CHICAGO — Some restaurant workers and union organizers staged a protest recently against management of restaurants at O'Hare Airport that are operated by Dobbs Houses, a subsidiary of Dial Corp.

The protestors charged Dobbs with laying off 25 workers who averaged $9 per hour in wages in order to replace them with new workers being paid a beginning wage of $5.60 an hour.

The Hotel Employees & Restaurant Employees International Union, AFL-CIO, is attempting to organize some 800 foodservice employees at O'Hare.

Neither spokesmen for Dial Corp., based in Phoenix, nor for O'Hare's Dobbs Houses subsidiary, formerly Carsons International Restaurants, could be reached for comment.

Koo Koo Roo sues Blockbuster, executive over broken contract

LOS ANGELES — Koo Koo Roo Inc. has filed suit against Blockbuster Entertainment Inc. and Blockbuster executive Vincent A. Lambiase for failure to honor an employment agreement that would have made Lambiase chief executive officer of Koo Koo Roo.

Following lengthy negotiations, Lambiase had inked a written employment contract to head the expanding grilled chicken chain, according to Koo Koo Roo attorney Mike Robbins.

Lambiase did not return phone calls.

A few days before he was to start work, Lambiase informed chairman Kenneth Berg that he would be staying at Blockbuster in his job as head of its Western region. Besides charging Lambiase with negligence and fraud, the suit alleges that Lambiase was improperly induced by Blockbuster to breach the employment agreement.

Sarvis tapped to head Quincy's

SPARTANBURG, S.C. — Jeff Sarvis, a nine-year veteran executive of the Quincy's Family Steakhouse chain, was named to head the 216-unit division of TW Services Inc.

As division chief of Quincy's, Sarvis succeeds William H. Burton, who also served as the chain's chief operating officer.

Quincy's also named Jack Dunsmoor, a 13-year veteran of the company, to the newly created position of research and development coordinator, in charge of concept and product development.

KFC-Canada acquires 65 units in British Columbia

ONTARIO — Kentucky Fried Chicken-Canada, a division of Pepsi-Cola Canada Ltd. of Toronto, purchased 65 KFC British Columbia restaurants from veteran franchisee White Spot Limited.

Specific terms of the sale were not disclosed, but the transaction brings the number of stores owned and operated by KFC Canada to 200. The remaining 600 of the 800 KFC restaurants in Canada are franchised, 400 of them operated by Scott's Hospitality.

Rob Chase, director of business development at KFC-Canada, has been named general manager for KFC operations in British Columbia.

Rally's quashes rumor that officer would sell stock

LOUISVILLE, Ky. — Rally's said someone maliciously attempted to manipulate the price of its common stock by calling unit managers and an investment house and spreading the rumor that a corporate officer would sell a huge chunk of his investment.

Rally's said the rumor was totally unfounded, noting that if investors acted upon it, the price of the company's common stock was bound to fall.

The company said the unidentified individual or individuals called nearly all of Rally's restaurants in Louisville and Alex. Brown & Sons, the Baltimore brokerage, informing them that a corporate officer was going to sell more than 250,000 shares of stock.

The company notified National Association of Securities Dealers Market Surveillance Group.

Wood Co. division names Possinger vice president

ALLENTOWN, Pa. — Mitch Possinger has been named vice president of The Wood Co.'s newly formed Hospital Food and Nutrition Services Division.

In his new position, Possinger, 36, is responsible for developing the contract feeder's hospital business and supporting current hospital clients. He will report to Riad N. Dimechkie, the company's chief executive.

The Hospital Food and Nutrition Services Division was separated from The Wood Co.'s Healthcare division in January in an effort to better meet the specific needs of hospital clients. Long-term care, nursing home and retirement community business remain under the jurisdiction of the original Healthcare division.

The new division will target its services at hospitals with 100 to 400 beds in the Mid-Atlantic region. The division currently has 14 hospital clients and generates about $30 million in sales.

Possinger has been with The Wood Co. for seven years.

Dunkin' Donuts inks deal with Wa Wa

RANDOLPH, Mass. — Dunkin' Donuts has signed a deal with Wa Wa, an Eastern convenience store chain, that could put Dunkin's products in some 440 C-stores by Memorial Day.

The arrangement will offer Wa-Wa customers doughnut and muffin offerings from self-serve counters. The doughnuts will be supplied by local Dunkin' Donut franchisees in respective Wa Wa markets throughout Pennsylvania and south New Jersey, northern Deleware and Connecticut.

Chevys launches company's drive into S. California

IRVINE, Calif. — "Fresh-Mex" specialist Chevys Mexican Restaurants of San Francisco has broken ground on a restaurant here and another in nearby Fountain Valley to kick off the 34-unit company's push into the highly competitive Southern California market.

Officials of the 6-year-old full-service chain have described the move into Southern California as a prelude to a public offering and expansion outside the state.

Mike Hislop, Chevys' chief executive officer, said the chain has hired Gregg Landauer to oversee the new south state operations, both of which are expected to open in May. Hislop, who was formerly executive vice president of operations for the El Torito Mexican dinnerhouse division of Restaurant Enterprises Group in Irvine, said Landauer formerly worked for El Torito and Irvine-based Red Robin, among other companies.

FINANCIAL NEWS

Ground Round promos aid 1st Q earnings boost

by Bill Carlino

BRAINTREE, Mass. — A December sales spurt sparked by a new short-term marketing promotion helped Ground Round Restaurants Inc. post a $1.13 million net profit for the first quarter ended Dec. 29, eclipsing a $13.8 million loss in the same period a year ago.

"We saw some real growth in sales and customer counts toward the latter end of the quarter," explained Bob King, Ground Round's senior vice president and chief financial officer. "It's been a very tough economic climate, especially in the Northeast."

The 201-unit dinner-house chain, based here, added that despite a modest climb of about $400,000 in systemwide revenues last year, to $54.4 million, operating income before interest expense rose 33 percent, to $3.2 million, compared with the year-earlier figure.

The Ground Round's latest opening-quarter results were the chain's first as a stand-alone restaurant company following parent company GR Foods' move last year to spin off the casual-themed dinner-house chain as a separate entity.

The Woodbridge, N.J.-based parent concern, formerly known as GR Foods Inc., had also operated tuna and shrimp processing operations. During the separation it subsequently renamed the restaurant division Ground Round Restaurants Inc. and funneled the tuna and shrimp operations into a separate company called Mari-Farms Inc. The two concerns are both publicly traded.

Ground Round's first-quarter operating loss of $14,000 a year ago was compounded by the $13.7 million hit against earnings related to the parent company's 1990 decision to reduce the book value of its tuna-processing subsidiary.

Systemwide revenues in the nine-month fiscal 1991 were $162 million, compared with $215.5 million for the preceding full year.

King attributed a portion of the opening quarter's encouraging bottom-line results to an enthusiastic customer reception of Ground Round's "Kids Pay By Degree" program — a "thermometer-driven" offshoot of the chain's trademark "Penny a Pound" promotion.

Running through the month of December, the meal check for kids less than 12 years old came to just one penny for each degree of outside temperature. The promotion was rolled out in the Ground Round's Boston, New York City, Minnesota and Iowa City markets.

As a result, in the more frigid Ground Round locations, when the temperature dipped below zero, the children ate for free.

Ground Round took over two units in the first quarter, in Livonia, Mich., and Columbus, Ohio, that had been managed by former Ground Round parent company Hanson PLC. Hanson's management of the stores had been part of the contract terms when it divested Ground Round to International Proteins in 1989.

"This is a concept that seems to work well," said analyst Caroline Levy, who tracks Ground Round for the New York brokerage firm of Shearson Lehman. "It makes both the parents and children feel comfortable because everyone gets what they want. The wait staff is trained to work well with children, and parents can order a cocktail. It's a no-compromise dining [concept]."

Ground Round's first-quarter uptick follows a 1991 whirlwind year for the chain, whose milestones included a public offering, a change in financial reporting cycle and an intensified employee certification program.

In September, Ground Round issued 4.6 million issues of common stock, which netted about $23 million for the company. Ground Round used the capital infusion to prepay bank debt and repurchase the company's outstanding subordinated debentures.

As a result of the reorganization, the company opted to change its financial reporting from a calendar year to a fiscal one, which will end on the final Sunday in September.

Last year the chain accelerated its certification and training programs for both hourly and management level employees and continued its ongoing reduction in operating costs by consolidating regional management. Ground Round said it slashed an estimated $1.8 million in operating costs in 1991.

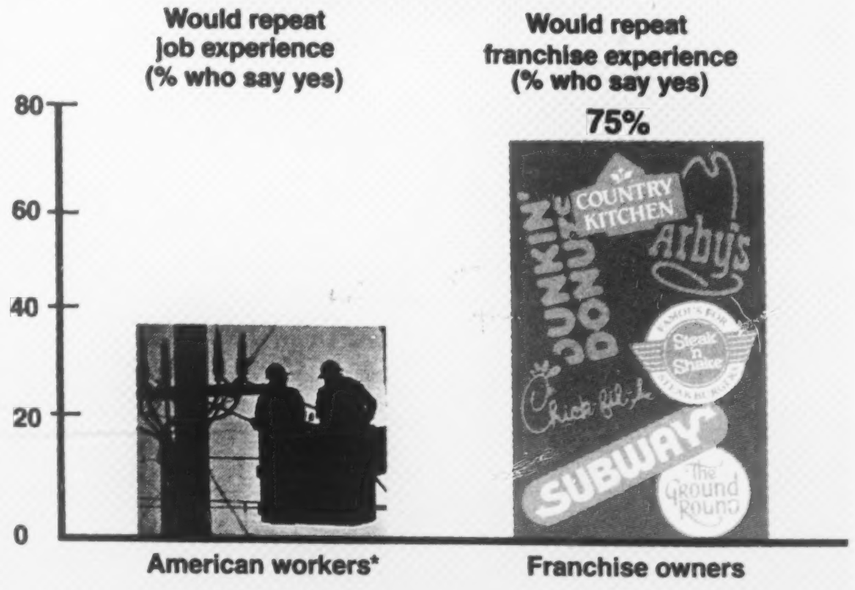
"We've been gradually refocusing our operation in order to provide better service to the field and to the customer, and that's reflected on our balance sheet," King explained.

Ground Round also broadened the appeal of its menu with an array of light items, including a grilled chicken Caesar salad, a tuna steak salad, a tuna steak sandwich and a series of daily specials titled "Made From Scratch."

King reported the chain is now rolling out a 12-ounce center-cut sirloin steak carrying a price point between $9.95 to $10.95 depending on the market and a new dessert menu.

FACT FILE

American workers vs. franchise workers
Who's happiest at work?



* Results are based on a national Gallup poll of n = 783 Americans, 18 and older, who held jobs. The poll was conducted in July 1991 with a plus/minus 4% error range.

Source: International Franchise Association

FINANCIAL DIGEST

Cracker Barrel 2Q net up 76%; stock splits

LEBANON, Tenn. — Cracker Barrel Old Country Stores said its net income soared 76 percent in the second quarter ended Jan. 31, to $5 million, on a 35-percent gain in revenues, to $89.2 million, compared with figures for the same period last year.

On the heels of the strong results, the company declared a three-for-two stock split, to be completed in the form of a 50-percent stock dividend, in shares to be distributed later this month. Fractional shares will be paid in cash.

Cracker Barrel reported that its first-half net income jumped 58 percent, to $12.4 million, on a 34-percent gain in revenues, to $180.8 million, over the figures for the comparable-year-earlier period.

Perkins '91 net up 15% despite Fla. slump

MEMPHIS, Tenn. — Despite flat-to-negative sales growth in Florida — once Perkins Family Restaurants' most promising market — the chain said its annual net income jumped 15 percent in the year ended Dec. 31, to $15.2 million, on a 4-percent gain in revenues, to $180.5 million.

Perkins said same-store sales rose slightly for the full year and increased 2.4 percent in the fourth quarter. Net income increased 26 percent in the closing quarter, to $2.6 million, on a 9-percent rise in revenues, to $44 million, compared with results for the year-earlier period.

The company said revenues would have been stronger were it not for the Florida market, where 22 units have been reporting flat to negative sales trends. Donald N. Smith, chairman and chief executive officer, credited the company's fifth straight year of double-digit profit gains to "quality management" and predicted Perkins would "take maximum advantage of the expected improvements in the overall economy in the second half."

ShoLodge Inc. IPO raises $19.6 million

GALLATIN, Tenn. — ShoLodge Inc., a Shoney's restaurant franchisee best known for its Shoney's Inns hotel division, raised $19.6 million in an initial public offering.

The company's first-day sales exceeded 1.4 million shares in the over-the-counter market, with the stock rising from an opening price of $3 a share to close at $17. ShoLodge said the proceeds would be used to develop Shoney's Inns and Shoney's restaurants and to pay back debt.

Formerly known as Gulf Coast Development Inc., ShoLodge bought the entire Shoney's Inns budget lodging division from Shoney's Inc. last June for an undisclosed cash sum plus a portion of future revenues and stock. ShoLodge operates 18 of the hotels in the 59-unit chain as well as seven Shoney's restaurants.

Frisch's posts 113% 2Q net gain, to $2M

CINCINNATI — Frisch's Restaurants, a Big Boy franchisee with fast-food and hotel operations, said its net income in the second quarter ended Dec. 15 rose 113 percent from year to year, to $2 million.

But the closing or selling of 16 units in Florida and some Southwestern markets pulled revenues down 5 percent, to $31 million, compared with comparable quarterly results a year earlier.

Frisch — the operator of 86 Big Boy restaurants, eight Hardee's, one Roy Rogers, two Prime 'n' Wine restaurants and two Quality Hotels — said profit gains resulted from closures of poorly performing restaurants, lower food costs and reduced overhead.

The company said first-half net income jumped 108 percent, to $2.9 million, on a 15-percent decline in revenues, to $75.6 million.

FOOD PRICE OUTLOOK

Some prices move up; others, down

by Patt Patterson

There's been quite a bit of price movement in frozen vegetables in the past several weeks. To summarize: **Frozen potato prices** moved up by two to three cents per pound . . . Prices for **frozen peas** have moved down about three cents per pound this month . . . **Frozen broccoli** is down by three to four cents per pound . . . **Frozen cut corn** is down abut three cents a pound.

Egg prices are running well below last year's. As we get closer to Easter, however, prices should move upward on strong consumer demand, which will tighten egg supplies to foodservice.

The price for **green coffee beans** is running more than a third off last year's quotes at this time. Strong supplies in Brazil and Colombia, combined with normal spring slacking off in demand, mean low prices for several months, according to the trade. That probably won't translate into lower ground coffee prices very soon, however, because roasters stocked up for winter at earlier higher prices.

Although **beef prices** haven't quite hit last year's levels, supplies are tighter and placement of cattle on feedlots is down. Some observers expect feedlot populations to increase in the spring, but others believe there will be a tight supply until fall.

Pork prices continue stable. Producers continue to bring hogs to market, and supplies are ample. Although prices to farmers are lower, they are still providing positive cash flow and some profit margin. Farmers' intentions seem to be to continue breeding.

Lettuce prices moved up in early March, but that may change when the harvest starts moving northward again. The Blythe-Coachella area has now started producing, and it won't be long before crops will be harvested in the central San Joaquin Valley of California.

Strawberry damage from the heavy rains in mid-February was light, and the harvesting is moving northward to the Watsonville region. Fresh strawberries should be in strong supply next month.

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SECOND CLASS

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Rally's acquires Zipps

by Milford Prewitt

LOUISVILLE, Ky. — Rally's, the rapidly growing double-drive-thru hamburger concept, is expanding its market penetration by agreeing to pay $12 million for Zipps, a St. Louis-based competitor.

Rally's has signed a letter of intent to pay cash for the 45-unit concept, of which 29 are company-operated.

The Zipps purchase is the third time within the past 16 months that Rally's has acquired a segment competitor with the long-range plan of converting it to Rally's.

The 338-unit chain — which bills itself as "the fastest-growing hamburger chain in America" — bought the 43-unit Snapps Drive-Thru concept in Columbus, Ohio, in November 1990 and the 19-unit Maxie's of America in Tallahassee, Fla., last spring.

"We know the double-drive-thru hamburger restaurant is the quick-service concept for the '90s," said Robert W. Gontram, president and founder of Zipps, in a statement. "This transaction allows us to become part of America's 'fastest-growing hamburger chain' and enables our franchisees to participate in the continued growth of the dominant double-drive-thru."

*(See **RALLY'S**, page 47)*

NRN Photos

Jean-Luc Heiz, left, and Irama Neri-Heiz inside their popular St. Germain Bakery-Cafe, which opened six months ago in Chicago.

French-style cafes enjoy revival in Chicago area

by Carolyn Walkup

CHICAGO — The recent opening of several French cafes here is dispelling the notion that Gallic-flavored restaurants have fallen out of favor in these cost- and health-conscious times.

Inexpensive menus, casual service and lighter cuisine — terms not generally associated with most French restaurants operating in this part of the country — are key to the growing acceptance of French cafe-style operations that have opened here in the last 15 months.

The French-born owners of Kiki's Bistro and St. Germain

*(See **FRENCH**, page 4)*

Health-care bright spots: Fla., Minn.

New state legislation targets affordable employee coverage

by Robin Lee Allen

TALLAHASSEE, Fla. — Industry watchdogs in Florida and Minnesota are cautiously embracing new state programs that could make employee health insurance more affordable for small businesses without mandating across-the-board coverage.

A new law in Florida is designed to first help the state's insurers make health insurance less prohibitive to employers although it does include a provision resorting to mandated benefits in 1995 should that fail.

A Minnesota bill proposes giving health insurance to uninsured workers through a system of subsidized premiums paid for with a new cigarette tax and a surcharge on health services. State leaders have said they will pass the bill.

Meanwhile, California, Illinois, New Jersey and Washington — among some 30 other states currently studying health insurance proposals — are also close to enacting legislation.

While almost no one faults the premise of universal health insurance, lobbying groups for employers, like the National Restaurant Association, are wary that legislation at both state and federal levels will unfairly force employers to eat the cost of health insurance by mandating the benefits. Such mandates could drive many employers with a small number of employees out of business, they contend.

"Basically, the association is concerned that employers will be solely responsible for providing health coverage no matter what the cost," said Linda Way, the NRA's legislative analyst for state relations. "Between part-time employees and the high turnover rate, this means serious cost concerns for the restaurant industry."

*(See **HEALTH**, page 46)*

INSIDE

Stakes go up in federal seafood inspection push
NRN Editorial/Page 23

NRA purchasing course: A learning experience
Patterson/Page 24

Cutting-edge dining at Sun Microsystems
Business & Industry/Page 29

KFC tests all-you-can-eat buffet in Ark.

by Jack Hayes

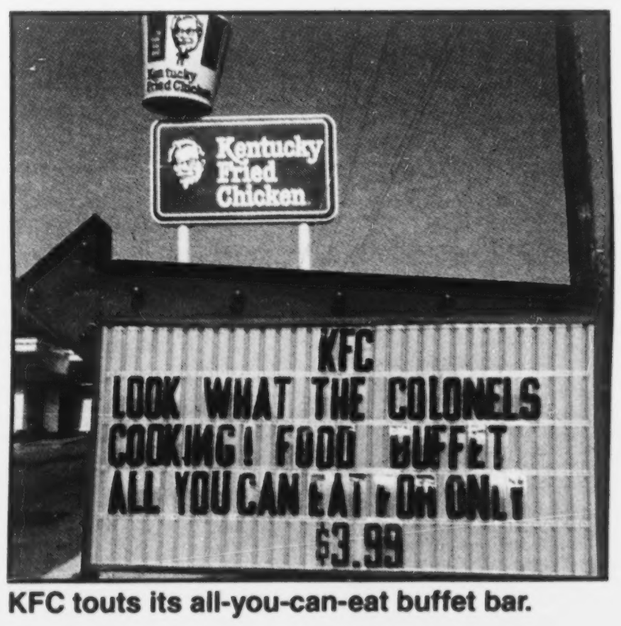
LITTLE ROCK, Ark. — In an effort to reinforce its value message, KFC Corp. is joining at least three area franchisees to test-market a $3.99 all-you-can-eat lunch and $4.99 dinner buffet throughout Arkansas.

The afternoon and evening food bar special — first tested by KFC of Searcy, a seven-unit franchisee based 60 miles northeast of the capital here — offers more than 30 hot and cold food items, including several vegetables, salads and desserts that are new to the KFC menu.

"We've seen some pretty good sales increases from the buffet, and we're expecting to try it in more restaurants," said KFC spokesman Richard Detwiler.

The Louisville, Ky.-based KFC Corp., which began running the buffet in two company stores in Little Rock, plans to expand the test into as many as 10 units by June 1, when television advertising kicks in to promote the food bar statewide.

While the buffets vary from unit to unit, items include pieces of KFC Original Recipe and Extra Crispy chicken, chicken-fried steak, livers and gizzards, green beans, niblet corn, hominy, chocolate and vanilla pudding.



KFC touts its all-you-can-eat buffet bar.

Fruit cobblers also are being offered at franchisee units.

KFC of Searcy introduced the first food bar in a renovated unit in Paragould, Ark., in late 1989. After watching that unit chalk up double-digit increases for two years, the Searcy group added the buffet to its six other stores.

"I guess if we had to name this thing, we'd call it 'The Billy Ball All You Can Eat Buffet,'" said KFC of Searcy operations vice president Bob Mosesso, referring to his boss, who assembled the first KFC food bar.

Since then, 17-unit KFC of North Little Rock also tested the food bar and is now rolling it into all of its restaurants.

Separately, 27-unit Fowler

*(See **KFC**, page 4)*

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NEWS BRIEFS

Disney Co. quits fast-food tests, Queen Mary lease

BURBANK, Calif. — The Walt Disney Co. has closed its two Mickey's Kitchen prototypes — in Montclair, Calif., and Schaumburg, Ill. — and abandoned plans to launch a chain of the fast-food restaurants as adjuncts to its growing Disney Store operation.

The shopping-mall-based restaurants, which opened in 1990, featured kinetic displays of Disney characters and such items as meatless Mickey Burgers, Pinocchio's Pizza, Supercalifragi-Chicken salad and Mousketeer Meal packs. Disney officials said results of the tests did not justify the management attention they required.

In other Disney news, the Burbank-based company said it would pull the plug in September on its unprofitable lease for the floating Queen Mary hotel and tour and the adjacent Spruce Goose flying-boat exhibit in Long Beach, Calif. Disney said it was ending its multimillion-dollar investment in management of the two attractions because financial projections "do not justify continued heavy promotional and capital expenditures."

LA Council rejects smoke ban, pushes seating compromise

LOS ANGELES — Opponents of proposals to ban smoking in Los Angeles restaurants prevailed for the second time in little over a year as the City Council rejected the latest measure but approved a compromise plan to allocate more seats to nonsmokers.

On an 8-to-7 vote, the council ordered the city attorney to draft a law that would require each restaurant to label itself either a smoking or nonsmoking establishment. Those allowing smoking would have to increase nonsmoking sections from the current 50-percent requirement to 60 percent of all seats.

The 60-percent allocation would be increased to 70 percent by July 1994 under the measure, which would become law this summer if passed by the full council.

Chicago's mayor endorses gambling, $2 billion casino

CHICAGO — Mayor Richard M. Daley has endorsed a controversial proposal to bring casino gambling to Chicago, which was selected as the site for a $2 billion gaming and entertainment complex proposed by a consortium of Circus Circus Enterprises, Hilton Hotels Corp. and Caesars World.

Illinois Gov. Jim Edgar has expressed his opposition to the proposal to launch legalized gambling at the planned 100-acre complex. State laws currently prohibit casino wagering in Illinois.

Eric Jensen, executive director of the Illinois Restaurant Association, favors the proposal. "We think it's good for tourism, the city and conventions," he said. "We have lost a lot of convention business to Las Vegas. The idea is good. Let's explore it."

Big Boy founder Wian injured in car accident

NEWPORT BEACH, Calif. — Robert C. Wian, who founded the Big Boy restaurant chain in 1936 in Glendale, Calif., and later was that city's mayor, was upgraded from critical to serious condition after being hospitalized here following a traffic accident.

Wian, 77, a Newport Beach resident, was transferred to a private room after several weeks in the hospital's intensive-care unit, during which time he was said to be unconscious. Wian family members could not be reached for comment on his condition.

Originally called Bob's Pantry, Wian's first restaurant was renamed Bob's Big Boy and was known for introducing a double-deck hamburger on a seeded bun. The place spawned the national Big Boy chain, which Wian sold to Marriott Corp. in 1967.

Tolbert resigns as vice chairman of Vie de France

MCLEAN, Va. — Richard M. Tolbert, vice chairman of the Vie de France Corp., has elected not to renew his employment contract when it expires at the end of the fiscal year on June 30, the company said.

Jean-Louis Vilgrain, chairman of the bakery-cafe operator and sous-vide food manufacturer, said Tolbert's desire to pursue other interests stemmed from Vie de France's recent sale of its wholesale bakery division, which was Tolbert's main interest when he joined the company in 1987.

Tolbert said his future plans are uncertain, but that he expects to assist the company with a management transition. He said he was asked to remain on Vie de France's board of directors for at least two more years.

Morrison's Beall to succeed Bishop when CEO retires

MOBILE, Ala. — Samuel E. Beall III, the president and chief operating officer of Morrison Inc., has been named to succeed Eugene E. Bishop when he retires as the company's chief executive on June 6.

Bishop, 61, will continue as chairman and remain on Morrison's payroll for an additional year to support Beall and head other special projects, the company said. A 45-year veteran of the contract foodservice and restaurant company, Bishop joined Morrison as a serving line assistant in Savannah, Ga., when he was 16. He became president and chief operating officer in 1979 and then chief executive in 1980.

Beall, who founded the Ruby Tuesday casual-theme chain in 1972 and sold it to Morrison in 1983, became the company's president and operations chief in 1985.

Little King chain being sold, grown

OMAHA, Neb. — Officials of Little King, a 90-unit submarine sandwich chain based here, said the company is being sold to an unidentified buyer seeking a rapid expansion.

Sidney Wertheim, the 25-year-old chain's founder and former president, said the buyer wants to expand Little King faster than he did. "I preferred a slower mode," Wertheim said. " That's how we were able to stay in business for 25 years."

Senior vice president Lou Urbano, who is expected to become president under the new ownership, was not available for comment. Wertheim said he and his son will become area developers and franchisees, taking over 12 existing Little King units.

BK, Disney launch Roger Rabbit promo

MIAMI — As part of its new partnership with Walt Disney World Resorts, Burger King is promoting a national scratch-off card game featuring the character Roger Rabbit.

The Burger King Hidden Surprise Game, which started March 30, will run through May 3, and it will offer total prizes in excess of $90 million. The game requires players to scratch off two matching spots on a card. Every card contains a match, so all players can be a winner.

Major prizes include 200 trips for four to Walt Disney World, $100,000 in cash and hundreds of free Burger King signature menu offerings.

As part of the promotion, BK restaurants will feature a series of four 32-ounce Walt Disney World 20th Anniversary Collector Cups offered by Coca-Cola.

Burger King teamed up with Walt Disney several months ago for what is expected to be a year-long series of promotions recognizing the 20th anniversary of Walt Disney World.

KFC launches Oriental Wings

LOUISVILLE, Ky. — Kentucky Fried Chicken has introduced Oriental Wings, the latest menu addition in the chain's "in-and-out" or limited-time-only product category.

Following soon after the popular Hot Wings and Honey BBQ Wings roll out, Oriental Wings are deep-fried frozen chicken wing pieces, covered with a sweet teriyaki-flavor coating. The company said the wings were tested for eight weeks in the San Diego, Norfolk, Va., and Detroit markets, and showed double-digit sales gains. The wings, which will be offered for the month of April, will be available at about 5,000 company and franchised units.

FINANCIAL NEWS

Back Bay clears debt, focuses on expansion

by Theresa Howard

BOSTON — Cash rich after raising $28.7 million in an initial public offering, Back Bay Restaurants has paid off $18.4 million in debt and is now embarking on a plan to expand the multiconcept company's Italian operation, Papa Razzi, into new East Coast markets.

Back Bay founder Charles Sarkis, aided by underwriters Tucker Anthony Inc., sold 1.7 million shares, or about 49 percent, of Back Bay's stock. Sarkis, who retained a 7-percent stake in the company he launched 27 years ago, said going public was the best method to expand without "losing control," as one might in a franchising program.

"With the quality we need to put out, we need to control it," said Sarkis, who is Back Bay's chairman, president and chief executive. "Right now the multiples were very good, and restaurant stocks have a good following."

In the IPO Back Bay sold shares at $17 and traded as high as $20 during its first couple of weeks as a public entity.

Currently, the company owns and operates 21 restaurants. Among them are three Italian-themed Papa Razzi restaurants; two branches of Rayz Cafe, a Mediterranean-themed concept that features seafood, pasta and a mix of grilled items; and a string of 15 American-themed restaurants that operate under such names as Charley's Eating & Drinking Saloon, Joe's American Bar & Grill and J.C. Hillary's Ltd. The company also owns and operates one Famous Atlantic Fish Co. restaurant.

Back Bay, whose restaurants are predominantly located in the Greater Boston area, has targeted for five new store openings this year such new markets as Connecticut; Westchester County, N.Y.; New Jersey; and Washington, D.C.

"We are focusing mainly on Papa Razzi, but as we go along, we'll look to expand the other concepts as well," Sarkis noted, adding: "It's great to have equity in our company and to have the investors behind us. I just hope we'll be able to perform. But we will."

The company's past performance has helped produce a healthy balance sheet. Net income in 1991 was $1.1 million, up about 75 percent in a year-to- year comparison, on total sales of $56.5 million, an 11.5-percent annual gain.

Per-store sales for the 18 restaurants operating during fiscal 1991 averaged $2.7 million. Two Papa Razzi restaurants opened during the second half of the year, however, are expected to boost those averages with their annualized sales rate of between $3.1 million and $3.2 million, Sarkis said.

Sarkis said he is very "comfortable" with comparable-store sales results for 1991. Those figures were not available as of late last month.

The company's American-themed restaurants boast solid sales figures as well, with the company's two Joe's American units averaging about $4.1 million in annual sales. But Papa Razzi's lower food costs and higher profit margins have made that concept the intended expansion vehicle for Back Bay as a public company.

Sarkis said Papa Razzi's food costs average 25 percent compared with 31 percent to 32 percent for the other restaurants. Though he said Papa Razzi also yields higher profit margins, he declined to disclose those figures.

At a time when many operators in the recession-weary Northeast still are troubled by soft sales, Back Bay's flagship concept was able to exploit its strengths in service, Italian fare and value — three elements that have proved popular for such restaurant companies as General Mills' Olive Garden.

Per-person checks average $10.06 at lunch and $16.43 at dinner at the Papa Razzi restaurants. Back Bay's American concepts generate per-person lunch checks of $8.87 and dinner checks of $13.18. Both figures include beverage, Sarkis noted. At Papa Razzi guests receive complimentary breadsticks and garlic rolls, and entrées are served with salads. At any of the American establishments, guests can receive a hamburger platter garnished with lettuce, tomato, pickle and served with fresh-cut, daily made french fries for $5.25.

Sarkis is hoping that the company's new stock option program — opened up to regional and general managers and chefs — will help Back Bay in its recruiting and staff-retention battles with competitors. "Now they are all in the same boat," Sarkis noted, referring to his managers. "This gives them the opportunity to make money for themselves over the long term."

FOOD PRICE OUTLOOK

Higher processed vegetable prices

by Patt Patterson

The supply of **canned green beans** was tight before the U.S. Department of Agriculture purchased 400,000 6/10 cases in early March. Now the market is tight. Expect higher prices until the new pack . . . **Frozen broccoli** and **cauliflower** imports were down sharply last year, but even though Mexican imports account for a large and growing share of U.S. consumption, prices have not reflected the drop. If shipments don't pick up this spring, however, expect prices to go up.

Imports of **canned pineapple**, on the other hand, are up, with prices trending lower . . . **Frozen strawberry imports** are down, but West Coast inventories are strong and some Northwestern packers are shading prices to reduce stocks before canning gets under way this year.

The spread between **cold-water lobster tails** from Australia and the lower-priced, warm-water Brazilian tails is running about 30 percent. No big movement in price is seen through the end of spring.

The future of **coffee** pricing is still dependent upon the International Coffee Organization's getting cooperation on setting quotas. Up to now Brazil and the United States have been the big hurdles to a quota agreement. However, rumor says that back-room discussions are going on with both countries and that the ICO hopes to get an agreement going by the end of spring. That will kick coffee prices up.

Since **lettuce** production has moved from the Imperial Valley into the San Joaquin Valley, iceberg prices have dropped to minimal levels. The effect is also felt on leaf lettuces, although the drop has not been as sharp.

The news about a cancer-inhibiting chemical in **broccoli** has increased movement and has pushed the price up on that vegetable. Sulforaphane is also found in other members of the cabbage family, researchers at Johns Hopkins Medical Center say.

FACT FILE

WHO'S making WHAT?

(1992 salaries of restaurant/fast-food corporate executives, approximated to the nearest $1,000)

Title	Low	Median	High
Chief operating officer	60	85	108
Div. manager (corp.)	63	69	100
Regional mgr./VP	47	60	69
Marketing dir. (chain)	43	52	70
Controller (chain)	43	52	67
Controller (single unit)	36	46	50
Personnel director	46	49	62
Training director	33	48	58
Purchasing director	36	44	65
Real estate manager	40	48	52

Source: Roth Young Wage & Salary Review

FINANCIAL DIGEST

General Mills chains post sharp 3Q rise

MINNEAPOLIS — Red Lobster and Olive Garden rewarded General Mills' restaurant division with a 24-percent year-to-year gain in third-quarter operating income, to $46.8 million, on a 13-percent gain in revenues, to $619.8 million, for the period ended Feb. 23.

The chains' higher check averages, stronger unit margins and new-unit expansion were credited for the division's improved results.

Through the first nine months, operating profit and restaurant sales grew 3 percent and 14 percent, respectively, over the prior year's comparable period as operating income hit $121.2 million and sales reached $1.84 billion.

During the third quarter, Red Lobster and Olive Garden opened a combined total of 44 new restaurants, giving them a total of 87 for the year to date and bringing their combined operating total to 927 restaurants. The company plans to open another 35 restaurants in the fourth quarter.

Debt-strapped REGI seeks refinancing

IRVINE, Calif. — Restaurant Enterprises Group Inc. said it is considering a public stock offering or the sale of one of its divisions to relieve the financial burden of $267 million in junk-bond debt on which the chain operator is paying 12-percent interest.

Norman Habermann, chief executive of the 607-unit parent company of El Torito, Coco's, Carrows, Casa Maria, Bob's Big Boy, Reuben's and Charley Brown's, told the Orange County Register that the company's "No. 1 goal in 1992 [is] finding a creative way to restructure." REGI's debts stem from a management-led leveraged buyout of the former W.R. Grace restaurant group in 1986.

REGI last month reported a fiscal-1991 net loss of $28.3 million on sales of $869.9 million, a 4-percent sales decline from the prior-year figure. The company posted a net loss of $27.5 million in 1990. Net interest expenses were $42.3 million last year, compared with $43.3 million in 1990.

The company said its family-restaurant division scored a 6-percent revenue gain last year, while American-themed dinner houses sustained sales declines of 7 percent and Mexican dinner houses dipped 3.5 percent.

TCBY's losses widen to $1.4M in 1st Q

LITTLE ROCK, Ark. — Despite an offsetting $300,000 gain from an income tax change, TCBY Enterprises lost $1.39 million in the first quarter ended Feb. 28, on a 22-percent drop in revenues, to $18.4 million, compared with last year's opening period.

The company attributed the decline in revenues to fewer company-owned and franchised stores operating in the first quarter vs. a year ago. Systemwide, unit counts fell from 1,819 stores in the year-ago quarter to 1,675 in the current reporting period.

Systemwide sales for the quarter fell 8 percent, to $47.1 million.

Soliman's ARG completes refinancing

NEWPORT BEACH, Calif. — American Restaurant Group, the highly leveraged parent company of the Stuart Anderson's Black Angus, Grandy's, Spoons and Spectrum Foods chains, said it had completed a debt refinancing by issuing $120 million in senior secured notes through BT Securites and Merrill Lynch & Co. and by obtaining a $66 million term loan and working-capital facility through Bankers Trust Co.

Chairman Anwar Soliman said the refinancing began last July with the placement of $45 million in subordinated debt with Merrill Lynch, with proceeds used to repay 1987 leveraged buyout debts and the purchase of certain warrants as well as to fund expansion and working-capital budgets.